



## **DEPARTMENT OF ENERGY**

### **Southeastern Power Administration**

#### **Notice of Interim Approval of Rate Schedules for Jim Woodruff Project**

**AGENCY:** Southeastern Power Administration, DOE.

**ACTION:** Notice of interim approval.

**SUMMARY:** The Administrator for the Southeastern Power Administration (Southeastern) has confirmed and approved, on an interim basis, rate schedules JW-1-L and JW-2-F for the sale of power from the Jim Woodruff Project. The rate schedules are approved on an interim basis through September 30, 2026, and are subject to confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis.

**DATES:** The approval of rates on an interim basis is effective October 1, 2021.

**FOR FURTHER INFORMATION CONTACT:** Samuel W. Loggins, Assistant Administrator, Finance and Marketing, Southeastern Power Administration, U.S. Department of Energy, 1166 Athens Tech Road, Elberton, GA 30635-6711, (706) 213-3805; Email: [Samuel.Loggins@sepa.doe.gov](mailto:Samuel.Loggins@sepa.doe.gov).

**SUPPLEMENTARY INFORMATION:** FERC, by order issued October 20, 2016, 157 FERC ¶ 62,043, confirmed and approved Rate Schedules JW-1-K and JW-2-F for the period October 1, 2016 through September 30, 2021. This order replaces these rate schedules on an interim basis, subject to final approval by FERC.

**DEPARTMENT OF ENERGY**

**ADMINISTRATOR, SOUTHEASTERN POWER ADMINISTRATION**

In the Matter of:

Southeastern Power Administration	)	Rate Order No. SEPA-65
Jim Woodruff Project Power Rates	)	

**ORDER CONFIRMING AND APPROVING  
POWER RATES ON AN INTERIM BASIS**

Pursuant to Section 302(a) of the Department of Energy Organization Act (Public Law 95-91, 42 U.S.C. 7152(a)), the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), relating to the Southeastern Power Administration (Southeastern), were transferred to and vested in the Secretary of Energy. By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated to the Administrator, Southeastern Power Administration, the authority to develop power and transmission rates, to the Deputy Secretary of Energy the authority to confirm, approve, and place such rates into effect on an interim basis, and to the Federal Energy Regulatory Commission (FERC) the authority to confirm, approve, and place into effect on a final basis, or to disapprove, rates developed by the Administrator under the delegation. By Delegation Order No. S1-DEL-S4-2021, effective February 25, 2021, the Acting Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Science (and Energy). By Redelegation Order No. S4-DEL-OE1-2021, effective March 25, 2021, the Acting Under Secretary for Science (and Energy) redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelegation Order No. 00-002.10-03, effective July 8, 2020, the Assistant Secretary for Electricity further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to

the Administrator, Southeastern Power Administration. This last redelegation, despite predating the February 2021 delegation and March 2021 redelegation, remains valid. This rate is confirmed, approved, and placed into effect on an interim basis by the Administrator, Southeastern Power Administration, pursuant to the authority delegated in Redelegation Order No. 00-002.10-03.

## **BACKGROUND**

Power from the Jim Woodruff Project is presently sold under Wholesale Power Rate Schedules JW-1-K and JW-2-F. These rate schedules were approved by FERC on October 20, 2016, for a period ending September 30, 2021 (157 FERC ¶ 62,043).

### **Public Notice and Comment**

Notice of a proposed rate adjustment and opportunities for public review and comment for the Jim Woodruff Project was published in the *Federal Register* (86 FR 16717) on March 31, 2021. Southeastern proposed an increase and to extend existing schedules of rates and charges applicable to the sale of power from the Jim Woodruff Project to become effective October 1, 2021, through September 30, 2026. The notice advised interested parties that a public information and comment forum for this rate action would be held virtually by Microsoft Teams Meeting on May 11, 2021. Written comments were due on or before June 29, 2021.

The proposed rate schedule JW-1-L would increase the capacity charge from \$7.74 per kilowatt per month to \$8.46 per kilowatt per month. The energy charge would be increased from 20.44 mills per kilowatt-hour to 22.32 mills per kilowatt-hour. In addition to the capacity and energy charges, each preference customer would continue to be charged for power purchased by Southeastern on behalf of the preference customer. This pass-through would continue to be computed as described in the current rate schedules.

Rate schedule JW-2-F, available to Duke Energy Florida (DEF), would continue the current rate of 100 percent of DEF's fuel cost.

### **Public Comments**

Southeastern received oral comments from two participants as part of the public information and comment forum on May 11, 2021. Southeastern received one written response to the "Notice of proposed rates, public forum, and opportunities for public review and comment" published in the *Federal Register* at 86 FR 16717 on March 31, 2021.

**Oral Comment:** *[Commenter 1] I know that when we reviewed a lot of the revenue requirements -- it's been a little over a month ago, the Jim Woodruff customers were very satisfied with the staff's presentations and the -- all of the questions were answered in a satisfactory manner, so we have no follow-up questions at this time.*

**Oral Comment:** *[Commenter 2] A couple of questions. I believe it was stated earlier that there was a 7 percent drop in repayment from 2016 to 2020. Is that a simple function of revenues being insufficient due to low water years? Is there a sense in terms of why that -- the repayment was off by 7 percent?*

**Oral Response:** No, that is just the straight percentage when we compared what we used as estimates in the last rate adjustment study from 2016. We compared FY16 through FY20 estimates with the actuals, and that was just kind of an indication of the difference in what we estimated repayment to be with what was actually repaid.

**Oral Comment:** *[Commenter 2] And then looking at the SEPA marketing expense, we note that there's a 13 percent increase between 2019 to 2020. If you compare 2019 through 2021, you have a 15 percent increase in the SEPA marketing expense. Can you identify what's the cause of that in terms of SEPA's marketing*

expense?

**Oral Response:** Not at this time, but if you would e-mail that question in, I could look into the details, but I don't have any detailed information for SEPA's expense right now. We can supplement the record later on with that response.

**Oral Comment:** *[Commenter 2] I think if you look at form Exhibit 9, that's where we see -- between 2019 and 2020, we had a -- it's a pretty good jump there. Now, that could be a function of SEPA's expenses increasing because of remote work obligations, so there -- I anticipate there's a logical explanation there.*

**Oral Response:** Yes. I just -- I don't have the detailed breakdown of SEPA's expenses to tell you what area that would be in. But I will answer for the record.

**Oral Comment:** *[Commenter 2] the other thing that I think we would note from a customer perspective is that we continue to monitor the amount of expense that is allocated as the joint O&M expense, and that continues to be a little bit of a concern in terms of whether costs are appropriately accounted for, for purposes of what hydropower should be bearing. We know that SEPA has been devoting a lot of energy to trying to make sure that the Corps is properly accounting for these expenses, so we support SEPA's efforts in this regard.*

**Oral Response:** And we fully continue those efforts and hopefully we will accomplish some savings for the customers.

**Combined Unanswered Oral Comments from Forum:** *And then looking at the SEPA marketing expense, we note that there's a 13 percent increase between 2019 to 2020. If you compare 2019 to 2021, you have a 15 percent increase in SEPA marketing expense. Can you identify what's the cause of that in terms of SEPA's marketing expense?*

**Response for the Record Submitted to Customers May 24, 2021:** The

change in SEPA marketing expense between Fiscal Years 2019 and 2020 is \$18,000 for the Woodruff System. SEPA has identified just over \$17,100 of the \$18,000 as attributable to increases in Salaries, Benefits and Outside Contract Services. The increases are due to the transition of SEPA's Power System Dispatchers pay plan from the General Schedule to an Administratively Determined plan and a pay raise to the General Schedule federal employees. The cost of a survey for the Administratively Determined pay plan was charged to Outside Contract Services along with the annual financial audit and a cleaning service contract.

The change between Fiscal Years 2019 and 2021 of 15 percent is attributable to the 13 percent increase in Fiscal Year 2020 and the projected expense for Fiscal Year 2021 being calculated by using the federal budgetary inflation factor of 2 percent for future years.

***Written Comment:***     *The SeFPC supports the rate as proposed by the Southeastern Power Administration ("SEPA").*

*While we believe that the rate fully captures costs associated with hydropower production, we nonetheless encourage SEPA to work with the U.S. Army Corps of Engineers ("Corps") to ensure that joint operation and maintenance expenses do not include costs that should be assigned solely to project purposes unrelated to hydropower production. SEPA's continued diligence in working with the Corps will help ensure that rates remain as low as possible consistent with sound business principles.*

**Response:**     Southeastern continues to work with preference customers and the Corps to review operation and maintenance actual costs and estimates to ensure accuracy of cost assignment and projections to establish the lowest possible rates consistent with sound business principles within the meaning of Section 5 of the Flood Control Act of 1944.

## **DISCUSSION**

### **System Repayment**

An examination of the Southeastern revised system power repayment study, prepared in March of 2021 for the Jim Woodruff Project, shows that with the proposed rates, all system power costs are paid within the appropriate repayment period and meet the cost recovery criteria set forth in DOE Order RA 6120.2. The Administrator of Southeastern Power Administration has certified that the rates are consistent with applicable law and that they are the lowest possible rates to customers consistent with sound business principles.

### **Legal Authority**

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated to the Administrator, Southeastern Power Administration the authority to develop power and transmission rates, to the Deputy Secretary of Energy the authority to confirm, approve, and place such rates into effect on an interim basis, and to the Federal Energy Regulatory Commission (FERC) the authority to confirm, approve, and place into effect on a final basis, or to disapprove, rates developed by the Administrator under the delegation. By Delegation Order No. S1-DEL-S4-2021, effective February 25, 2021, the Acting Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Science (and Energy). By Redelegation Order No. S4-DEL-OE1-2021, effective March 25, 2021, the Acting Under Secretary for Science (and Energy) redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelegation Order No. 00-002.10-03, effective July 8, 2020, the Assistant Secretary for Electricity further redelegated the authority to confirm, approve, and place such

rates into effect on an interim basis to the Administrator, Southeastern Power Administration. This last redelegation, despite predating the February 2021 delegation and the March 2021 redelegation, remains valid. This rate is confirmed, approved, and placed into effect on an interim basis by the Administrator, Southeastern Power Administration, pursuant to the authority delegated in Redelelegation Order No. 00-002.10-03.

### **Environmental Impact**

Southeastern has reviewed the possible environmental impacts of the rate adjustment under consideration and has concluded that, because the adjusted rates would not significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969, as amended, the proposed action is not a major Federal action for which preparation of an Environmental Impact Statement is required.

### **Determination Under Executive Order 12866**

Southeastern has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

### **Availability of Information**

Information regarding these rates, including studies, and other supporting materials, is available for public review in the offices of Southeastern Power Administration, 1166 Athens Tech Road, Elberton, Georgia 30635-6711.



## ORDER

In view of the foregoing and pursuant to the authority redelegated to me by the Assistant Secretary for Electricity, I hereby confirm and approve on an interim basis, effective October 1, 2021, attached Wholesale Power Rate Schedules JW-1-L and JW-2-F. The rate schedules shall remain in effect on an interim basis through September 30, 2026, unless such period is extended or until FERC confirms and approves them or substitute rate schedules on a final basis.

### Signing Authority

This document of the Department of Energy was signed on August 12, 2021, by Virgil G. Hobbs III, Administrator for Southeastern Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on August 13, 2021.

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Treena V. Garrett,  
Federal Register Liaison Officer,  
U.S. Department of Energy.

## **Wholesale Power Rate Schedule JW-1-L**

### Availability:

This rate schedule shall be available to public bodies and cooperatives served by Duke Energy Florida and having points of delivery within 150 miles of the Jim Woodruff Project (hereinafter called the Project).

### Applicability:

This rate schedule shall be applicable to firm power and accompanying energy made available by the Government from the Project and sold in wholesale quantities.

### Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 cycles per second delivered at the delivery points of the customer.

### Monthly Rate:

The monthly rate for capacity and energy made available or delivered under this rate schedule shall be:

### Demand Charge:

\$8.46 per kilowatt of monthly contract demand

### Energy Charge:

22.32 mills per kilowatt-hour

### Purchased Power Pass-Through:

In addition to the capacity and energy charges, each preference customer will be charged for power purchased by Southeastern on behalf of the preference customer. This pass-through will be computed as follows:

Each month, Duke Energy Florida provides Southeastern with the meter readings for preference customers' delivery points that have an allocation of capacity from Southeastern. Subsequently, Duke Energy Florida provides Southeastern with reports of purchased power and support capacity requirements around the 10th of the succeeding month. Southeastern computes its purchased power obligation for each delivery point monthly. Southeastern computes any revenue from sales to Duke Energy Florida for each delivery point monthly. Southeastern sums the purchased power obligation and any revenue from sales to Duke Energy Florida for each preference customer monthly. The purchased power obligation minus any revenue from sales to Duke Energy Florida for each customer is called the Net Purchased Power Cost. Southeastern charges each customer its respective monthly Net Purchased Power Cost in equal portions over the next eleven billing months.

Billing Demand:

The monthly billing demand for any billing month shall be the lower of (a) the Customer's contract demand or (b) the sum of the maximum 30-minute integrated demands for the month at each of the Customer's points of delivery; provided, that, if an allocation of contract demand to delivery points has become effective, the 30-minute maximum integrated demand for any point of delivery shall not be

considered to be greater than the portion of the Customer's contract demand allocated to that point of delivery.

Contract Demand:

The contract demand is the amount of capacity in kilowatts stated in the contract which the Government is obligated to supply and the Customer is entitled to receive.

Energy Made Available:

During any billing month in which the Government supplies all the Customer's capacity requirements for a particular delivery point, the Government will make available the total energy requirement of said point. When both the Government and Duke Energy Florida are supplying capacity to a delivery point, each kilowatt of capacity supplied to such point during such month will be considered to be accompanied by an equal quantity of energy.

Billing Month:

The billing month for power sold under this schedule shall end at 12:00 midnight on the last day of each calendar month.

Conditions of Service:

The customer shall, at its own expense, provide, install, and maintain on its side of each delivery point the equipment necessary to protect and control its own system. In so doing, the installation, adjustment, and setting of all such control and protective equipment at or near the point of delivery shall be coordinated with that

which is installed by and at the expense of Duke Energy Florida on its side of the delivery point.

Service Interruption:

When energy delivered to the Customer's system for the account of the Government is reduced or interrupted for one hour or longer, and such reduction or interruption is not due to conditions on the Customer's system or has not been planned and agreed to in advance, the demand charge for the month shall be appropriately reduced.

October 1, 2021

**Wholesale Power Rate Schedule JW-2-F**

Availability:

This rate schedule shall be available to Duke Energy Florida (formerly known as Florida Power Corporation, and hereinafter called the Company).

Applicability:

This rate schedule shall be applicable to electric energy generated at the Jim Woodruff Project (hereinafter called the Project) and sold to the Company in wholesale quantities.

Points of Delivery:

Power sold to the Company by the Government will be delivered at the connection of the Company's transmission system with the Project bus.

Character of Service:

Electric power delivered to the Company will be three-phase alternating current at a nominal frequency of 60 cycles per second.

Monthly Rate:

The monthly rate for energy sold under this schedule shall be equal to 100 percent of the calculated saving in the cost of fuel per kWh to the Company determined as follows:

$$\text{Energy Rate} = 100\% \times \frac{F_m}{S_m}$$

[Computed to the nearest \$0.00001 (1/100mill) per kWh]

Where:  $F_m$  = Company fuel cost in the current period as defined in Federal Power Commission Order 517 issued November 13, 1974, Docket No. R-479.

$S_m$  = Company sales in the current period reflecting only losses associated with wholesale sales for resale. Sale shall be equated to the sum of (a) generation, (b) purchases, (c) interchange-in, less (d) inter-system sales, less estimated wholesale losses (based on average transmission loss percentage for preceding calendar year).

Determination of Energy Sold:

Energy will be furnished by the Company to supply any excess of Project use over Project generation. Energy so supplied by the Company will be deducted from the actual deliveries to the Company's system to determine the net deliveries for energy accounting and billing purposes. Energy for Project use shall consist of energy used for station service, lock operation, Project yard, village lighting, and similar uses.

The on-peak hours shall be the hours between 7:00 a.m. and 11:00 p.m., Monday through Sunday, inclusive. Off-peak hours shall be all other hours.

All energy made available to the Company shall, to the extent required, be classified as energy transmitted to the Government's preference customers served from the Company's system. All energy made available to the Company from the Project shall be separated on the basis of the metered deliveries to it at the Project during on-peak and off-peak hours, respectively. Deliveries to preference customers of the Government shall be divided on the basis (with allowance for losses) of 77 percent being considered as on-peak energy and 23 percent being off-peak energy. Such percentages may by mutual consent be changed from time to time as further studies show to be appropriate. In the event that in classifying energy there is more than enough on-peak energy available to supply on-peak requirements of the Government's preference customers but less than enough off-peak energy available to supply such customers' off-peak requirements, such excess on-peak energy may be applied to the extent necessary to meet off-peak requirements of such customers in lieu of purchasing deficiency energy to meet such off-peak requirements.

Billing Month:

The billing month under this schedule shall end at 12:00 midnight on the last day of each calendar month.

Power Factor:

The purchaser and seller under this rate schedule agree that they will both so operate their respective systems that neither party will impose an undue reactive burden on the other.

October 1, 2021

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